BUILDING AND PRESERVING WEALTH

INVESTMENTS | TAX | RETIREMENT | INSURANCE | ESTATE

Quarterly Update
April 2017

ESTATE PLANNING

SEMINAR

Our speaker for the Estate Planning Seminar, Terrence Merritt, has been working as an attorney in legacy planning for over 35 years.

Dougherty Molenda Attorneys
Solfest, Hills & Bauer P.A.

Terry will be sharing valuable insight into the creation of irrevocable trusts, revocable trusts, wills and other estate planning documents with us during this seminar. We look forward to seeing you there!

Tuesday, May 2nd, 2017
from 6:00p.m.-7:30p.m.

Southtown Office Park
8120 Penn Ave. S., Bloom.

1st Floor, Suite 135
Seating is limited!

Food will be served

Please invite a guest to attend

At Dougherty, Molenda, Solfest, Hills & Bauer P.A., they have been serving the legal needs of clients throughout the Twin Cities since 1986. With centuries of combined experience, their team of attorneys are prepared to handle a broad range of complex legal matters. They provide exceptional legal service to clients.

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michelle@webbfinancial.com
or call us at 952-837-3200

Retirement Age

Michael Bischoff, CFP®

When planning for your retirement, age is an important factor. Do you want to retire in your 50s or 60s? There are many things to consider. These are some items I would advise you to include in making your decision.

Planning Before Having Kids

- Max out on saving while you can. Childcare, kid's activities, and college costs can cause the best-laid plans get thrown to the wind later on. Before that happens, individuals need to POWER SAVE.
- Optimize on future tax saving by using a Roth IRA, a Roth 401k, and a Health Saving Account (HSA). Roth contributions are funded with after-tax dollars and, even better, HSA contributions are ***never*** taxed if used for health care costs including future premiums.
- Time to stock up. As young savers, you need to ramp up exposure to growth-oriented equities and dial back on the cash.

Juggling College and Retirement

- Look for creative solutions. Educate your kids on the different costs of colleges and suggest limiting their choices to more affordable schools or have them take on some loans.
- Make full use of catch-up contributions. A common mistake is to take money out of retirement accounts to pay for college. You should do the opposite and increase contributions as college expenses start to taper off.
- Fix the investment mix. 401k accounts that use target date funds can have very high internal expenses and tend to become too conservative for someone in their 50's.

Closing in on the Prize

- Wait to tap into a pension or social security until the full retirement age. Use cash and savings in order to receive a larger amount. Social security guarantees a 7% annual increase every year you defer payments, up to age 70.
- Downsize your home earlier than planned. Whether that's selling one home, moving to a townhouse or condo, or relocating out of the city. Some of the advantages of downsizing can be eliminating a mortgage payment, lowering monthly utility and maintenance bills, or lowering property taxes.

- Scale back on high risk investments. At this point, holding bonds in a retirement portfolio won't provide great returns. They are used to dampen volatility and protect against losses. We suggest closer to a 60% stock and 40% fixed income mix, diversified across many different assets classes.

Each situation is different and can be complex. These decisions may take years to make and that is why I encourage everyone to have a plan.

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As a comprehensive Wealth Management Firm, we work to provide solutions for our clients financial needs. We are dedicated to providing solutions that are in the best interest of our clients. We are dedicated to professionally supporting, educating and providing informed direction to each and every client. Our goal is to be the support our clients need to help them achieve their short, mid and long term goals.

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Attention Snowbirds:

Be sure to call us with your summer address so you are able to receive your mail during the summer months.

Webb Financial Group provides comprehensive wealth management solutions to individuals and businesses. For over thirty-five years, we have helped our clients achieve financial security.

Michael Bischoff, *CFP® & COO*

Gary Webb, *RFC®, CKA® & CEO*

Dave Verbeke, *Financial Advisor*

Tim Greife, *Financial Advisor*

Leslie Webb, *Investment Advisor*

Michelle Brennan, *Registered Paraplanner, RP®*

Kristi Mattiuz, *Controller*

David Gau, *Intern*

"What the heck's going on?"

As the investment world continues to evolve, many of the fund companies & custodians are continually reducing the internal fees of their products to be more competitive in the marketplace. Exchange Traded Funds (ETF) offer some of the lowest cost options available to investors. Over recent years we have continued to implement their use into our portfolios. As mutual funds try to remain competitive we are seeing additional share classes come available. These additional share classes are managed in the same way but offer lower internal fees.

Tim Greife
Financial Advisor

As we continually assess and evaluate our portfolios, we are adding these new options when they come available to take advantage of these reduced fees for our clients. In recent months, this has created more activity in some accounts than we have had in the past. This is a good thing, and as the marketplace continues to get more competitive, the focus on reducing internal fund costs and adding additional fund classes will continue to push trading within our accounts and portfolios.

Health Savings Account - the new 401k

Healthcare reform is underway in Washington as the Trump administration works to repeal and replace Obamacare. How this will end up is anyone's guess right now. There are a few themes that seem to be gaining traction and will likely be part of the new healthcare reform. Because insurance rates have increased so much over the last year, you can assume that coverage levels are going to have to be reduced in order for premiums to become more affordable for consumers. What that means is more out of pocket cost for you!

Dave Verbeke
Financial Advisor

Accumulating a balance in your health savings account (HSA) is becoming one of the most effective retirement strategies available to people that still have employment income. The triple tax free advantage can't be beat by 401k plan, IRAs or pensions. Contributions are made pretax giving you an immediate tax savings. Withdrawals are tax free as long as they are used to pay for medical dental or other health care expenses. Withdrawals can also be used to pay for long term care insurance premiums. With out of pocket costs increasing, there is talk of increasing the yearly contribution limits to over $10,000 per family. We'll have to wait and see what is decided later this year but HSA's are here to stay.

As I mentioned last quarter, we have set up a new vendor for HSA administration. They provide us with access to a low cost investment menu of Vanguard funds. Just like we do with your retirement accounts, we can create an investment portfolio to help you grow the account for your retirement. When you grow the balance in your HSA account, it reduces the amount of money you'll need to withdraw from your IRA in retirement which reduces your income taxes.

You can have multiple HSA accounts set up for you or your spouse. If you have a balance in your current account that you'd like us to help manage, please contact your advisor. If you're 55 or older, you can make an additional $1000 catch up contribution for you and/or your spouse. We can help you get started on your way to saving for your health care costs in retirement with an HSA.

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